

PLACER COUNTY
REDEVELOPMENT AGENCY
MEMORANDUM

TO: Honorable Members of the Board of Supervisors
FROM: Rich Colwell, Chief Assistant CEO-Redevelopment Director *R. Colwell*
Rae James, Deputy Director Redevelopment
DATE: November 7, 2006
SUBJECT: Adopt a Resolution Authorizing an Increase in Down Payment Assistance and Housing Rehabilitation Maximum Loan Amounts to \$125,000 in the Community Development Block Grant and HOME Program Guidelines.

ACTION REQUESTED: Adopt a resolution authorizing an increase in down payment assistance and housing rehabilitation maximum loan amounts to \$125,000 in the Community Development Block Grant (CDBG) and HOME Programs Guidelines.

BACKGROUND: HOME and CDBG are federal funds received by the County and administered by the Placer County Redevelopment Agency (Agency). Eligible uses of the funds include down payment assistance loans to low-income, first time homebuyers (FTHB) and housing rehabilitation loans to existing low-income homeowners in unincorporated Placer County. The County obtains grant funds through annual grant applications and through payments and payoffs of loans. This year the Agency, applying on behalf of the County, received an additional \$800,000 in HOME funds for housing rehabilitation and FTHB programs.

The County's FTHB guidelines adopted by your Board in August 2004 requires FTHB's to qualify for a first deed of trust loan through a commercial lender and provide 3% of the purchase price from their own funds. These same guidelines increased FTHB loans from \$60,000 to \$100,000. Twelve FTHBs have funded since 2004. However, the median housing price in the County has increased from \$417,000 to \$448,000. While most recent loans have been for two bedroom condominiums, an increased loan maximum of \$125,000 would allow more housing types to be available to FTHB's and increase the number available to serve larger families. To insure adequate use of private funds, down payment assistance under the new limit will require that no more than 60% of the home's value be provided by the HOME and/or CDBG loans.

In addition to the FTHB Program, current HOME and CDBG guidelines provide for a basic housing rehabilitation loan of \$60,000, with exception allowances for up to \$100,000. Typical examples of exceptions include homes that are beyond rehabilitation and need complete replacement. Over the past three years, construction costs have increased over 30%. Even with the use of manufactured units for housing replacement, costs can exceed \$100,000. Approval of this action would allow loan assistance up to \$125,000.

FISCAL IMPACT: There will be no impact to the County General Fund. These CDBG and HOME are federal funds available only for down payment assistance and housing rehabilitation for low-income households.

RECOMMENDATION: Adopt a resolution authorizing an increase in down payment assistance and housing rehabilitation maximum loan amounts to \$125,000 in the CDBG and HOME Programs Guidelines.

cc: Sabrina Thompson, Deputy County Counsel

Before the Board of Supervisors County of Placer, State of California

In the matter of:

A Resolution authorizing an increase in down payment assistance and housing rehabilitation maximum loan amounts to \$125,00 in the Community Development Block Grant and HOME program Guidelines.

Resol. No:.....

Ord. No:.....

First Reading:

The following Resolution was duly passed by the Board of Supervisors

of the County of Placer at a regular meeting held November 7, 2006,

by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Attest:

Chair, Board of Supervisors

Clerk of said Board

BE IT RESOLVED by the Board of Supervisors of the County of Placer as follows:

WHEREAS, Placer County has received an award of 2005 HOME funds from the State Department of Housing and Community Development; and

WHEREAS, Placer County maintains a Community Development Block Grant (CDBG) Program Income Fund; and

WHEREAS, First Time Homebuyer Down Payment Loans and Housing Rehabilitation Loans for low-income households are eligible expenditures of CDBG and HOME funds; and

WHEREAS, existing loan limits have not kept up with increasing home prices and constructions costs.

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the County of Placer that the maximum loan limits for housing rehabilitation and down payment assistance loans in the HOME and CDBG programs is \$125,000, and that no more than 60% of a home's value is provided by CDBG and/or HOME funds.